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August 27, 1996

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BY HAND

Ms. Myrna Adams
Chief, Docket Section
U.S. Department of Transportation
400 Seventh Street, S.W.
Room PL-401
Washington, D.C. 20590

175:ldm
18272.221.1

Re: U.S.-Toronto Third Year Service Proceeding, Docket OST-96-1538 - 36

Dear Ms. Adams

We are enclosing two letters from the New Jersey Congressional delegation in support of Continental's application in the above-referenced case seeking two additional Newark-Toronto frequencies.

A copy of this letter is being served on all parties.

Respectfully submitted,

Lorraine B. Halloway

Lorraine B. Halloway
Counsel for
Continental Airlines, Inc.

Enclosures

cc: Parties on Service List

1298196

6 pgs

United States Senate

WASHINGTON, DC 20510

August 8, 1996

The Honorable Federico Pena
Secretary
U.S. Department of Transportation
400 17th Street, SW
Washington, D.C. 20590

Dear Mr. Secretary:

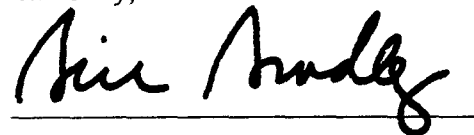
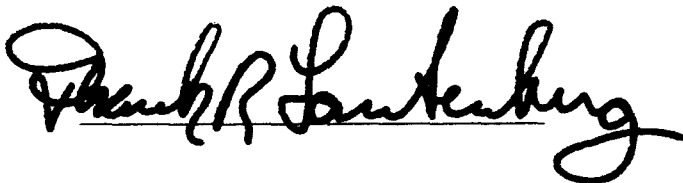
We are writing to urge you to approve Continental Airlines' application for two additional frequencies for flights between Newark and Toronto.

We appreciate your decision earlier this year to award Continental with two daily flights between Newark and Toronto. Continental has had much success with this route since it began on July 1. This is not surprising, since Canada is our state's largest trading partner and numerous New Jersey companies have significant operations in Canada. However, in order for Continental to be competitive with other airlines in the New York region, which in some cases offer up to five times as many flights to Toronto, it is imperative that Newark's most important carrier be permitted two additional flights.

Only a few years ago, Continental Airlines emerged from bankruptcy court protection. No doubt you share our relief that the company has turned around in such a short period of time. This is good news not only for the 8,000 Continental employees in our state, but for consumers and the airline industry. Unfortunately, Continental's growth is artificially constrained by its inability to expand in key international markets. Granting two additional routes between Newark and Toronto would be an excellent start to remedying this problem. Such an expansion is strongly supported by the New Jersey Congressional delegation and it has broad support in New Jersey, especially in the state's business community.

Thank you in advance for your personal consideration of our request and we look forward to your department's approval of Continental's application.

Sincerely,



Congress of the United States
House of Representatives
Washington, DC 20515-3013

August 7, 1996

The Honorable Federico Pena
Secretary of Transportation
Department of Transportation
400 7th Street SW
Washington, DC 20590-0001

Dear Mr. Secretary,

We write today to express our strong support for the application to the Department of Transportation by Continental Airlines to add two frequencies to the service which they now fly between Newark International Airport and Toronto, Canada. The service, which you awarded to Continental Airlines earlier this year, and which was initiated on July 1, 1996, has been well received. In fact, in the first month of operations, it exceeded expectations. In order that the City of Newark may claim its fair share of this important market, we firmly believe that the additional two frequencies sought in this application should be awarded to Continental Airlines at the Newark International Airport.

The new U.S.-Canadian agreement, which you negotiated, has allowed for a three year phase-in of service between Canada's largest cities -- such as Toronto, and the United States. And as you projected, this agreement has expanded the transport of traffic significantly. We are not surprised by the news that the first month of operations between Newark and Toronto was so successful -- the New Jersey/New York-Toronto market is the largest Canadian-U.S. market for air travel. Moreover, Canada is New Jersey's largest trading partner with 19% (\$2.7 billion) of New Jersey's exports going to that country. There are more than fifty Canadian companies that conduct business in the Garden State; these companies employ more than 5,000 New Jerseyans, who no doubt utilize the new service as part of their jobs. In addition to these Canadian operations which are based in New Jersey, several of New Jersey's largest companies, including AT&T, Allied Signal, American Cyanamid, and Prudential have substantial operations in Canada. The ties between the business community of New Jersey and the business community of Canada have grown quite strong.

The twice daily frequency between Newark and Toronto was a good start, but, frankly, the City of Newark needs these additional two frequencies to adequately compete in this very significant market. Given the broad anti-trust immunity that has recently been given by the DOT to another U.S. airline and its Canadian air carrier-partner who operate a virtual shuttle out of

LaGuardia, it is imperative for Continental and the City of Newark to secure these two additional frequencies to remain competitive. Furthermore, as you know, Newark International is quickly becoming a vital international gateway to South America. The two additional frequencies are critical for Continental to be able to offer convenient, one-stop, connecting service for both the business and leisure passenger travelling from Latin America to Toronto.

Finally, Newark International Airport is the 13th largest airport in the U.S. -- it handled 26.5 million passengers in 1995. Newark International Airport is easily accessible to more than 19 million people who live in the metropolitan statistical area -- many of whom want to travel to Toronto.

Continental Airlines, Newark's largest employer and New Jersey's 11th largest employer, was recently named the winner of the J.D. Power Service Award for long haul flights. The success of their turnaround is evident not only by this national award, it is also evident in the spirit and the enthusiasm of its 8,000 Newark-based employees. These employees understand that Continental must not only continue to offer the best quality service, but must also be able to offer destinations and frequencies which the traveling public demands. We look to you to help complete what has been started by awarding two frequencies to Continental for service between Newark and Toronto.

Sincerely,

Bob Weiss

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J. Jaxton

Bill Martin

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Frank Pallone Jr.

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CONTINENTAL AIRLINES, INC.
U.S.-TORONTO THIRD YEAR SERVICE PROCEEDING
Docket OST-96-1538

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